

# **FISCAL NOTE**

## **SB 1278**

April 1, 2007

**SUMMARY OF BILL:** Restricts the authorization of municipalities seeking to enter a business relationship with a third party for the provision of cable, internet, and other related services. Requires any separate division of a municipal electric system that provides such services to submit to an independent audit by an auditor other than the one performing the audit on the electric system. Prohibits municipal electric systems from loaning funds or subsidizing with revenues any division that has been formed for the provisions of cable, internet and related services. Limits the amount that municipally or cooperatively owned utilities may receive in exchange for permission for pole attachments. Stipulates that in-kind payment in exchange for this permission cannot be made and that such utilities may refuse requests for pole attachments only if access is not technically feasible.

### **ESTIMATED FISCAL IMPACT:**

**Increase Local Govt. Expenditures – Exceeds \$100,000\***

**Decrease Local Govt. Revenues – Exceeds \$4,000,000**

#### Assumptions:

- Municipal utilities currently receive approximately \$8,000,000 annually from pole attachment fees paid by cable TV providers.
- Municipal utilities currently receive approximately \$13,000,000 annually from pole attachment fees paid by telegraph or telephone corporations.
- Setting pole attachment fees in accordance with federal guidelines is estimated to result in a minimum average reduction in excess of 20% in the amount of fees currently collected by municipal utilities.
- Requiring an audit of any division providing cable, internet, and related services will result in an increase in local government expenditures exceeding \$100,000.

\*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized initial "J".

James W. White, Executive Director